

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 730 - SB 1296**

March 26, 2011

**SUMMARY OF BILL:** Establishes the Home Construction Jobs Restricted Special Revenue Fund to be comprised of monies appropriated in the general appropriations act. Funds shall be used by the Tennessee Housing Development Agency (THDA) for a grant of \$6,000 to a person who meets certain eligibility requirements and who purchases a newly constructed house in Tennessee using a 30-year fixed rate mortgage. Requires THDA to establish policies and procedures for determining the manner of payment of grants.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$10,065,500**

**Assumptions:**

- There will be no impact to state government until monies are appropriated and deposited into the Home Construction Restricted Special Revenue Fund.
- If and when funds are made available for this purpose, THDA will require at least one contract employee equivalent to a THDA Housing Program Coordinator to administer the grant program, depending on the level of funding made available from the Home Construction Restricted Special Revenue Fund.
- The contract employee will be required to verify that closing of the home occurred, that the home was a newly constructed, never-occupied residence, and that purchasers met the established income requirements.
- The cost of one contract employee to administer the grant program will be \$65,520 (\$42,000 salary, \$14,600 benefits, and \$8,920 related expenses).
- According to THDA, all expenses, including the cost of additional contracted positions will be funded entirely through appropriations from the Home Construction Jobs Restricted Special Revenue Fund.
- In order to qualify for the grant, income can not exceed \$75,000 for individuals or \$150,000 for households. In Tennessee, the median income is approximately \$53,799. A lower median income would indicate that a large number of Tennesseans could be eligible for the grant.
- This grant program is based on a similar program established and implemented in the state of Utah. According to the Utah Housing Corporation, federal stimulus funds in the amount of \$18,000,000 were used to award 3,645 grants.

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- The cost of the grant program in Tennessee will depend upon several variables which cannot be reasonably estimated; however, it is reasonably estimated that this grant program will cost in excess of \$10,000,000.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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